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SUBJECT: FRANCE CONSIDERING WTO IMPLICATIONS BEFORE BANNING
BURMESE GEMS AND HARDWOODS

REF: 08 STATE 05276

Classified By: Pol M/C Josiah Rosenblatt for Reasons 1.4 (b) and (d)

¶1. (C) Poloff delivered reftel demarche on January 24 to MFA desk officer Jeremy Petite. Petite responded that France is currently considering WTO implications of a ban and will make a decision in line with EU partners. When questioned about France's willingness to sanction the three Burmese state-owned banks that handle foreign exchange transactions, Petite reiterated that FM Kouchner's interest lies in "touching the generals' accounts" and added that the GOF worries that sanctioning those banks could destabilize the country. In an aside, Petite added that the French Embassy in Rangoon processes its foreign exchange transactions through the three state-owned banks, suggesting such sanctions would negatively impact the ability of the Embassy to fund its own activities.

¶2. (C) Petite clarified that the European Council's October 2007 decision to restrict investment and trade with Burma in the mining and logging sectors will be adopted soon.

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